

**ARIZONA STATE PARKS BOARD
TONTON NATURAL BRIDGE STATE PARK
OFF HIGHWAY 87, 10 MILES NORTH OF PAYSON, AZ
JULY 17, 2008
MINUTES**

Board Members Present:

William Scalzo, Chairman
Reese Woodling, Vice Chairman
William Cordasco
Arlan Colton
Tracey Westerhausen
Larry Landry
Mark Winkleman

Staff Members Present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Mark Siegwarth, Assistant Director, Administrative Services
Cristie Statler, Assistant Director, Outreach
Ruth Shulman, Administrative Assistant III

Attorney General's Office:

Joy Hernbrode, Assistant Attorney General
Theresa Craig, Assistant Attorney General

A. CALL TO ORDER – ROLL CALL – 1:00 P.M.

Chairman Scalzo called the meeting to order at 1:02 p.m. Roll call indicated a quorum was present.

B. INTRODUCTIONS

Board members and staff introduced themselves. Mr. Cordasco recited the Board Statement:

1. **Board Statement** - "As Board members we are gathered to be the stewards and the voice of Arizona State Parks' Mission Statement: Managing and Conserving Arizona's Natural, Cultural, and Recreational Resources, Both In Our Parks and Through Our Partners for the Benefit of the People."

Chairman Scalzo welcomed and introduced new Parks Board member Larry Landry.

Mr. Landry thanked Chairman Scalzo for the introduction and stated that it's a real honor to be on this Board. He noted that when he was in Governor Babbitt's office, they had a task force that talked about the future of Parks. It was independent of Parks and pre-dated Mr. Travous as Director. He also discussed his experience on the previous Arizona Parklands Foundation that was responsible for bringing Slide Rock, Red Rock, and Oracle into the Arizona State Parks system. As a matter of history, Mr. Landry

indicated he actually signed the deals transferring Slide Rock to the Arizona State Parks system. He spent 10 years (1992-2002) working on habitat protection in Alaska. He is honored to be on this Board.

C. BUDGET PRESENTATION – Mark Siegwarth

Mr. Siegwarth began his PowerPoint Presentation (included at the end of the Minutes). He noted that the Strategic Plan and the Capital Improvement Plan were included in the Board Packet.

A copy of the presentation is included at the end of these Minutes.

1. Overview

Chairman Scalzo requested that if anyone has any questions about any of the “lingo” Mr. Siegwarth is using or if anyone feels uncomfortable with the abbreviations to please ask.

Mr. Landry noted that Messrs. Travous and Siegwarth did a great job briefing him prior to this meeting. He asked if the Board has the discretion to adopt a more corrective budget than what staff is suggesting.

Mr. Siegwarth responded that what the Board approves is also staff’s request to the Governor through the legislative appropriation. His presentation goes through the technical material.

Mr. Siegwarth noted that the Legislature mandates information be in a cut-and-dry format. That’s really what they’re interested in.

Mr. Siegwarth noted that they actually have more money this year than last year. They did not sweep Capital money and they didn’t sweep Operating money. He is still waiting for final numbers from ADOA (AZ Dept. of Admin.).

Mr. Siegwarth noted that gas has gone up and that will affect the Off Highway Vehicle Fund.

Chairman Scalzo noted that the new licensing for OHV will begin January 2009. Arizona State Parks (ASP) gets 60% of that money. He asked if staff have any estimates as to how much that will be.

Mr. Ziemann noted he did not have the information in front of him. His sense is that it will be between \$3 and \$4 million. Staff also thought that when this bill passed they would do away with the old fund. They haven’t done that as of yet. In theory, the numbers are somewhat unknown yet because the actual fee hasn’t been set yet. In order to get by the increase in state revenue which would have required them to get $\frac{3}{4}$ of the legislature to approve the bill, they left that blank and left it up to the discretion of the Game and Fish Commission except that fee. Obviously, if they set the fee at \$15 vs. \$20 vs. \$25 vs. whatever else they may set it for, it will impact the ultimate number that comes out of it.

Chairman Scalzo asked what Game and Fish gets out of it.

Mr. Ziemann responded that Game and Fish has authorization to add up to nine officers. It’s nine people for them.

Chairman Scalzo noted that would come out of the fund first.

Mr. Ziemann responded that that's part of their percentage of the fund. The Land Department receives 5%; 25% goes to Game and Fish who are authorized to use it for those new hires; the Board receives 60%; and there's a percentage for administrative costs. The money the Board receives can be used pretty much for what is being done now – education, maps, trail development, signage, etc. It could be used for a grants program. Staff have found in the past that it's very difficult to run a grants program for OHVs.

2. Revised FY 2009, FY 2010, and FY 2011 Operating Budgets

3. Revised FY 2009, FY 2010, and FY 2011 Strategic Plan

4. FY 2010 and FY 2011 Capital Improvement Plan

Mr. Woodling noted that Picacho Peak is the number one priority. He asked what Picacho Peak's status is. He is curious about why the Board is putting this kind of money into Picacho Peak and what the status is about perhaps moving the park.

Mr. Ream responded that one of the reasons we are moving forward with the visitor's center at Picacho Park is that the current visitor's center doesn't do what we need it to do. It serves the public on the wrong side of the road. With the amount of visitation at that park, we aren't capturing that extra money by having a gift shop and a visitor's center. Therefore, we move forward with the plan on that park. It's also our first LEEDS Building (the Governor's Executive Order requires we build these buildings). After we got into it, staff realized that getting into these sustainable buildings is the right thing to do. We are moving forward on that to put our best foot forward. Millions of cars go by there daily. This is the showcase for ASP as people drop in and stop by. We need a place to welcome them, visit with them, and introduce them to ASP. We need a better facility to do that. Finally, it is the last component in that park as a build-out. Staff are trying to get some checkmarks behind these parks. That park will have a new water system, a new sewer system, new campgrounds, new restrooms and shower buildings; new ranger residences; and a new visitor's center.

Chairman Scalzo noted that staff conducts surveys of our customers. These Capital recommendations are not idly done by a few staff sitting in a room. They come from a great deal of information.

Mr. Ream responded that staff are still working on the list that was started during Project 11 about four years ago. Project 11 was an ambitious project to get all of the parks built up so we could make \$11 million a year in revenue. Staff came up with some projects, and most of the projects here are on that list.

Ms. Westerhausen asked a question concerning the Union Pacific Rail Switching yard. Mr. Landry recused himself from the meeting during this discussion because his firm represents Union Pacific and this is a conflict-of-interest for him.

Mr. Ream responded to Ms. Westerhausen's question regarding the switching yard that we had a very interesting and good presentation from Union Pacific on what this rail

yard will look like. They, in turn, were given a presentation by staff on what our plans are there as well and were told our concerns. They promised to get back with us on those concerns. Staff believes the train has already left the station on this rail yard. It's too late to change our plans or scrap an important park project. We're just moving ahead with what we do. The rail yard may be built; it may not be built. There may be some sort of mitigation we can ask of Union Pacific.

Mr. Travous added that there have been discussions on mitigations. In the worst-case scenario of an impact, most of the impact will be on the outdoors user. There would be no impact on the visitor's center. It would be a matter of moving the campgrounds to the backside of the mountain.

Mr. Woodling noted that there's a lot of work being done on the east side of the road. There's a new rail being put in; there're new buildings going in; there's a big shopping area going in. He asked where we fit in with all of that.

Mr. Ream responded that he is working with ADOT (AZ Dept. of Transportation) and their consultants right now. The current plan for I-10 through there is to go to three lanes on each side. The future is for five lanes on each side with a one-way frontage road on each side, which will actually cut in to the park (10 acres the Board owns on the frontage plus some acreage we use from the AZ State Land Dept. plus acreage we have under R&PP. The biggest construction being seen is that there are two big roadblocks to the current widening of I-10. That is at Picacho Peak Road which is just about the smallest overpass in AZ. They are widening that overpass to accommodate the eventual 10 lanes. It will be very big through there. We will lose some parkland through there. They are promising mitigation at 1.5 times. For every acre we lose, they will provide us with 1.5 acres. He has been assured that nothing will change regarding entrance to the park as a result of this project.

5. FY 2009 and FY 2010 SLIF Grant Cycle Funding

Mr. Landry rejoined the meeting at this time.

Mr. Siegwarth proceeded to the next slide. He understands they were going to take our FY09 revenues.

Mr. Siegwarth noted he could ask JLBC to let him have more time, but they won't make the process easy.

Mr. Landry asked if the August 15 date is statutory.

Mr. Siegwarth responded that they want their money by August 15. If there are cash flow issues, we may be able to get an extension.

Mr. Siegwarth stated that he thinks we may have sufficient funding.

Chairman Scalzo noted that the applicants already have their applications in. He asked if the Board can allow those to flow into the next budget year for review?

Mr. Ziemann responded that he's spoken with a number of grant administrators, especially from the western part of the state. There are a couple of problems here. The intent of the legislature in doing these sweeps was to take the grant money and to take our capital money and leave our operations money alone. He fielded questions from

grant administrators and county administrators, especially from Mohave County, and they see the writing on the wall. They realize what we are up against. They also realize that the legislature could very well come back into session and cut even more. If they are going to come to ASP, this is the only place they have cut. He believes it's very prudent to forego grant cycles at this time. If emergencies come up, this might be a place where we can go. They were hoping revenues come in for FY2010. We may not know that for sure. It's not going to surprise anyone if the Board sets aside the grant program for a year. It's something the Board is not doing "willy-nilly"; it's something that's been done to us by-and-large by these sweeps.

Mr. Landry asked if what we're saying is "reluctantly", the Board thinks it must forego this 09 grant cycle because the alternatives are worse. Out of three possible choices, this is the least worse of the choices.

Mr. Siegwarth agreed.

Mr. Ziemann added that the key factor here is that what cards remain to be played are in the Board's hands rather than someone else's. If the Board does this, we get the transfer done; we hope revenues increase. Whatever options we have left will remain in the control of the State Parks Board rather than the House and Senate Appropriations committees or someone else. While it might be tight for a while, the options are better left with the Board than elsewhere.

In response to a question from Mr. Colton regarding those who applied for these grants, Mr. Ziemann noted that they could certainly resubmit, check priorities, change them, improve them as time goes on. It's unfortunate. They've done the work and they've committed those grants. They won't be acted upon. They shouldn't just throw them in the trash.

Mr. Colton asked if the Board could just accept them for the following year.

Mr. Ziemann responded affirmatively.

Mr. Landry added that staff could let them know that the Board would have liked to award these grants but that they should go back to their legislators and talk to the Governor. The Board is not the enemy. They need to go talk to the ninth floor and talk to the legislators who represent their districts and those who are running for election. Their frustration should be directed in the direction it should go.

Mr. Ziemann stated that, to be honest, the people over in Lake Havasu (citizens-at-large, city governments) have been on their legislators more than ever before. They have kept staff in the loop; they've sent copies of the e-mails and letters they're sending. At least the legislature is leaving our operations alone and allowing us to stay afloat. Still, those people have an impact on the discussion.

Chairman Scalzo stated that he appeared before the Appropriations Committee and said to them that if they kill this completely and take all the money, they also lay off the staff who do the grants review because we can't even do a grants program on money that came from fuel costs going up. It is a very bad thing when that money is taken away. They are taking away money people pay for that purpose.

6. SHPO Work Plan

Mr. Siegwarth reported that the SHPO Work Plan is pretty much the same. They have added a few things.

Mr. Landry noted that the Governor's meeting with tribal leaders on July 31st is on Consultation. He hoped ASP would be well-represented there. Since the topic is Consultation, with all the SHPO interaction with those cultures, it would be good to be there.

Mr. Ziemann responded that Mr. Garrison, SHPO, and his Deputy SHPO will both be there. They are working diligently at preparing for it as we speak.

In response to a question by Mr. Colton, Mr. Ziemann reported that the certified local government program is channeling federal funds directly to those certified local governments to do their own historic preservation programs. The limiting factor there is the amount of federal funds we get. If we got more federal funds we could funnel more money to the certified local governments. We don't control how much federal funding we get.

In response to another question by Mr. Colton, Mr. Ziemann noted that there are a lot of factors in play. Some of the certified local governments are more qualified to do this kind of work on their own, and those are great. They are mostly the larger cities – Phoenix, Tucson. The smaller ones need more help. The amount of work that the SHPO has to do on a statewide basis is so large that this is really minor. It's fine; we'd like to have more. We'd like to train those at the local level who do these kinds of programs more. We'd like to spend more time with them.

Mr. Siegwarth noted that during the brainstorming session this afternoon everyone will come to understand that this is not going to be a watershed year for us. People will retire. His Chief Accountant just retired. That office is vacant. We will pay off Tonto Natural Bridge State Park in 2011. That triggers the statute where what is split 50/50 will be 100%.

Chairman Scalzo that under the State Trust Land Initiative, help acquiring some of those state lands set aside for conservation will become even more important.

Mr. Landry noted that this is the last project and strategic plan the Board presents to this governor. The question is should this Board ask for what we need given the reality of the economy. We don't have the Executive Budget Office guidelines. It's a policy question.

Mr. Travous responded that he hoped that after Ms. Collins' presentation and after he updates the Board on the last Seven Goals and other things, the Board and staff all start coming up with strategies about how we go about next year.

Chairman Scalzo called for a Recess at 2:19 p.m. He reconvened the meeting at 2:42 p.m.

D. PRESENTATIONS

1. Overview of the Statistics of the Visitors Survey – Dawn Collins

Mr. Ziemann stated that one of the things that's really been enjoyable about coming to work for the last 18 ½ years at ASP is working with the people he gets to work with. He

has tremendous respect for the people at this table and those he gets to call his colleagues. We have not only interesting and endurable people to work with, but we have very professional people working for us. Ms. Collins has an MA and a Ph.D. from the University of AZ. She was the lead staff person in compiling the 2006-2007 Visitors Survey. The Board has a copy of the survey.

Ms. Collins thanked the Board for giving her the opportunity to give this presentation to the Board. She noted that there are three different Visitors Surveys. She is in Research and Marketing, and their mission is to use data in order to make wise decisions and find out where our strengths lie and where our needs lie.

Ms. Collins gave her presentation to the Board (copy at the end of these Minutes).

Mr. Siegwarth noted that according to his charts, in 1995 we had 2.3 million visitors. In 2001 we set an all-time record of 2.5 million visitors. This year and last year we're back to 2.3 million. The 2.5 million was a couple hundred thousand more than any other year.

Ms. Westerhausen suggested that areas of opportunity may be in regard to racial diversity.

Mr. Woodling noted that college graduates visiting our parks in 2006 was down. Earlier information showed 80% of visitors were college graduates. His question is how can we get the people who are not college graduates into our parks. There are a lot more people out there who are not college graduates than are.

Ms. Collins responded that we are attracting a particular audience and that we need to broaden that.

Mr. Siegwarth noted that in 1995 the agency made \$4.1 million; last year we made \$9.6 million. We added a few more parks since 1995. Because the fact is that we're seeing the same visitation over that same 10 years, one would think visitation would be higher, especially with population growth.

In response to a question by Mr. Landry, Ms. Collins responded that she feels visiting our parks is a fairly inexpensive experience, considering that one pays \$2 per person to go into Ft. Verde or \$10 per carload to go into Slide Rock.

Mr. Travous added that it's not an elasticity problem so much as it's working with disposable income. It's not something one has to buy, so we end up competing with Disney Land and shopping malls.

Ms. Collins added that the high gas prices will help to keep Arizonans in AZ. People will check out their local parks.

Mr. Ziemann added that when one compares our state parks' camping fees with other state parks systems throughout the country, especially the ones in our region, our fees are among the highest in the country. This is a point he makes with the legislature all the time. Their reaction is for the Board to charge more at our parks. That's not a good option. We are rapidly approaching that elasticity point that Mr. Landry brought up.

Mr. Colton noted that it is true that the demographics indicate that the population is both aging but is also getting younger so we have a very young group and a very old group with everyone in the middle trying to support both.

Ms. Collins responded that in the past staff was working on trying to get younger visitors in. How do we get people who are tech savvy and may not be interested in leaving their Ipods at home to go into our parks? There are also young people who are hooked up to their electronic things; can we bring all of that in in a way that is not destructive to our resources.

Chairman Scalzo noted that when looking at our Capital, there were some things that caught his eye. One was building more cabins and facilities that help with the younger families that may be less familiar with camping and don't have an RV. They may want to go to a place where there's a little building where they can stay overnight and take the children to get their first experience. He thought that was excellent. He knows cabins are going in at this park and others throughout the system. We need to fight for Capital dollars to start doing those kinds of things so we can open it up to a greater population who may not be that familiar with the outdoors.

Chairman Scalzo asked if we have the capacity in some of our parks to do wireless capabilities and charge extra to campers for that service.

Ms. Collins responded that we have had customers suggest that WiFi would be a good thing for them. Some of the newer cell phones don't need WiFi to access the Internet.

Mr. Ziemann added that if one goes to the Minnesota State Parks webpage, the first thing one sees there is about geocaching and about using GPS. In Minnesota the park staff will come and show the visitor how to use a GPS unit. They have the teenager, who is technologically savvy. We have parks that would be a perfect place to get Radio Shack to come and donate a couple of GPS units and go where they're not impacting the environment. A place like Homolovi is so spread out one can't really see it. People don't want to get into their cars time and time again to go look at these things. With a GPS unit, one could go and it would be fun. There are opportunities to do those kinds of things.

Mr. Landry referred to the term "nature deficit disorder". One question is how to do a Hispanic marketing strategy. He knows that the Science Museum and Heard have been able to get grant funding for bringing school children there. That is tied in to those children coming back with their parents. He asked if there are ways to get people through the schools into our state parks? If we capture the kids, they will go back to their parents and talk about it. There's a new group that's forming and is led by the Zoological Society called Outdoor AZ. We should find a way to partner with them.

Mr. Landry added that there is also a very large movement in 22 native communities. There will be some collaboration with SHPO. He thinks that might be a great opportunity to augment what staff is doing in SHPO to take it to another step of tying in school children, tying in Hispanic or diversity to it. He asked what coalitions can we get? There is value in the chambers and the tourism groups pushing state parks. If one looks at the tourism market, it's like going through a McDonalds – they ask you if you'd like fries with that. That's where they make their money. If people are going to visit

the Grand Canyon, ask them if they'd like to go to this state park or would they like to stop in Sedona and see Slide Rock. Is there a way to get add-ons with our tourism folks to augment whether it's federal or something else – augment state parks as an add-on to what people are doing. The whole name of the game is to get people to stay longer because they spend more money. He has some angst that we are not studying the goal to grow the numbers of people who go to our parks. He understands the cost of gas. He understands our limitations. Our goal should be to get more people to the parks. There's federal funding from Outdoor AZ – they're chasing some federal grants.

Mr. Cordasco requested Ms. Collins to go back to the slide on Opportunities for the Future. He noted that his interest is in the gray arrow that says it's our day of opportunity. Ever since he's been on the Board he believes he's always circled this one idea. A more popular description would be "paradigm". The interesting thing about growing is, think of what you save when you talk about sustainability. What do you mean by that? Is it simply putting things up so you can say we're green – we can generate our own electricity. Going green is a value. We talked about an economic model in the budget. We need to find that model that will be effective down-the-road, addresses these demographics that are clearly changing. There are things about AZ that boggle people.

Ms. Collins addressed the issue of special events. We think this is a different group. That is not to say the Mariachi Festival and others do not draw in a diverse group. Staff do believe there are days where we have more diverse visitation than others. The problem is how to move those people into a regular park visitor or have them come back with their families, etc.

Ms. Westerhausen noted there may be some there are young Hispanic families at Oak Creek on Sundays. They are mostly using other places. She'd like to know where and why.

Mr. Colton asked if we ever surveyed the population that doesn't use the park to find out why and what they might be interested in. All of the studies he's seen in AZ, especially in the Phoenix and Tucson areas, have a fairly high transitory population. A lot of people are moving in; a lot are moving out. Phoenix has a 3:2 ratio; in Tucson it's even higher than that.

Ms. Collins responded that staff survey a lot of different types of people. There is a survey of the AZ population. They run a sample of the AZ population generally – people who do and don't use parks. They've been asked how familiar they are with our parks, if they visit parks near their homes. The last survey was conducted in 2003. Staff would like to re-do that survey this year if the budget allows.

Mr. Ziemann noted that that survey has actually been done twice. The first was in 1998 and then again in 2003. The idea of doing that survey and the Visitor's Survey every few years allows staff to get park visitors and then general population and then park visitors and then general population. This allows staff to compare, contrast, and see what the opportunities are and where we seem to be servicing the population fairly well. That's the idea; that's the plan for the continuing research.

Mr. Landry asked if staff have ever had the chance at the rural development conference to give a presentation of ASP to local rural economic development. There's a compelling case of how they are trying to sell their economies and get people there. It's very hard. Do we have access to that research? If so, we could data mine some of what they do.

Chairman Scalzo noted that it might make sense to be white-boarding all of this discussion. It makes sense for the Board to hone in on these great ideas.

Ms. Collins discussed a program the Office of Tourism has – Arizona Passages.

Ms. Statler noted that a number of friends groups, in addition to the IE Dept., have contributed to the development of curriculums, distribution of curriculums, and the follow-up with trips to parks. It is a key element of the approach it takes to get children and families – the new generation – and seeding that next generation.

Mr. Landry responded that it's easy to get print in local papers because they're always looking for stories. They will talk about the value of state parks. It's harder in the metropolitan areas. The smaller papers would be more likely to hit the values issues. That might help drive families to the parks, too.

Mr. Ziemann noted that for the past month or so the *Arizona Republic* has featured an Arizona state park in the Travel Section and stressed many of the things being discussed here. The rural communities certainly understand the impact that the state parks have on their communities. If anyone questions that, try closing them. They continue to let their elected representatives know how important these parks are to their local economy.

Chairman Scalzo called for Recess at 3:40 p.m. He reconvened the meeting at 3:48 p.m.

2. 7 Point Strategic Plan – Ken Travous

Mr. Travous gave a PowerPoint presentation on the 7 Point Strategic Plan. A copy of the presentation is included at the end of the Minutes.

Chairman Scalzo noted that he wouldn't want to go in with Game and Fish on the Heritage Fund II initiative should it come about. They would not disclose how they would spend their money if the initiative were successful. He believes that needs to be disclosed to the public, including laying out what will go for local grants. They refused to discuss it at any of the meetings that were held. It was embarrassing.

Ms. Statler noted that one of the issues with volunteers and friends groups is communication with a host of people who are not in Phoenix. Do we rely on the Internet? Do we rely on them through getting our parks to distribute newsletters? That cadre of people turned over, so it's a living animal that we have to find a leash for. There are significant challenges and we are short-staffed to address that issue.

Mr. Travous discussed Open Space and Growing Smarter

Mr. Landry suggested going back to the Mission Statement and asked if the agency has an educational role to also teach people about nature.

Mr. Travous responded that we don't want what we've done to be lost.

There was discussion on the fact that Mr. Travous will be retiring next year and that the Board would need to begin a search for his replacement and how to initiate that search.

Chairman Scalzo suggested that time be spent at the September meeting to do that. The Board needs to get busy on that and get exposure nationally.

Chairman Scalzo asked the Board how they wanted to continue this process.

Mr. Landry stated another thing would be to thank the park rangers and the friends groups, and let them know that they really did make a difference and we need them.

Mr. Travous stated he wanted to give credit to Mr. Ziemann for the outreach effort on this year's budget.

Mr. Landry added that people need to be thanked. If people know that what they did made a difference, they will do it again. If they think no one cares, it's much harder to get them to do it again.

Mr. Landry discussed the Lake Havasu issue.

Chairman Scalzo suggested setting time aside at the November meeting to assess our progress. By November the Board had better be ready to roll.

Mr. Ziemann noted that he is supposed to provide the legislative agenda to the Governor's Office by August 15. One of his questions is whether the Board wants to take the license plate idea to them.

Mr. Landry responded that that is not something he wants to talk about today.

E. DISCUSSION REGARDING THE AGENCY'S FUTURE DIRECTION, WHERE IT NEEDS TO GO, AND HOW TO GET THERE

Chairman Scalzo adjourned the meeting at 4:32 p.m.

APPROVED:

William Scalzo, Chairman

Kenneth E. Travous, Executive Director